

AMENDED IN ASSEMBLY APRIL 22, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1377

Introduced by Assembly Member Swanson

February 27, 2009

An act to add Section 41020.9 to the Education Code, relating to school districts.

LEGISLATIVE COUNSEL'S DIGEST

AB 1377, as amended, Swanson. School districts: state receivership: audits.

Existing law requires the Superintendent of Public Instruction to assume all the rights, duties, and powers of the governing board of specified school districts in order to ensure the return to of the district of to fiscal solvency. *Existing law authorizes the payment of emergency apportionments to school districts experiencing financial difficulties and the appointment of a trustee by the Superintendent to monitor and review the operation of the district.* Existing law also requires each county superintendent of schools to provide for an audit of all funds under his or her jurisdiction and control, not later than the first day of May of each fiscal year, and the governing board of each local educational agency to provide for an audit of the books and accounts of the local educational agency.

This bill would provide that, if *a trustee has been appointed by the Superintendent* ~~is required to assume control~~ *monitor and review the operation of a school district receiving an emergency apportionment,* and the Controller, or his or her designee, is required to cause an audit to be conducted of the books and accounts of the district instead of the annual audit described above, the Superintendent ~~shall~~ *is required to*

allow the district an appropriate period of time in which to address the audit findings 180 days before penalties are assessed against the district for any discrepancies that are discovered by the audit.

The bill also would require that, to the extent that the school district implements corrections to an apportionment significant audit exception or finding during the 180-day period specified above, and those corrections result in a reduction in the required repayment, penalty, or other fiscal impact recommended in or resulting from the audit report, the school district would only be liable for that part of an audit exception or finding remaining after the corrections are made.

The bill would prohibit the repayment of an apportionment significant audit exception or payment of a penalty arising from an audit exception for a fiscal year other than the fiscal year for which that audit was conducted or the fiscal year prior to the fiscal year for which the audit is conducted.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 41020.9 is added to the Education Code,
2 to read:

3 ~~41020.9. Notwithstanding any other provision of law, if the~~
4 ~~Superintendent is required to assume control of a school district~~
5 ~~in order to ensure the return to the district of fiscal solvency and~~
6 ~~the Controller, or his or her designee, causes an audit to be~~
7 ~~conducted of the books and accounts of the district, instead of the~~
8 ~~audit required by Section 41020, the district Superintendent shall~~
9 ~~allow the shall an appropriate period of time in which to address~~
10 ~~the audit findings before penalties are assessed for any~~
11 ~~discrepancies that are discovered by the audit.~~

12 *41020.9. Notwithstanding any other provision of law:*

13 *(a) If a trustee has been appointed over a school district*
14 *pursuant to subdivision (a) of Section 41320.1 and an audit is*
15 *conducted pursuant to subdivision (d) of Section 41320.1 for the*
16 *fiscal year in which the apportionments made pursuant to Section*
17 *41320 are disbursed, the Superintendent shall allow the school*
18 *district a period of 180 days from the date upon which the final*
19 *audit report is received by the district, during which the school*
20 *district may implement corrections to an apportionment significant*

1 *audit exception or finding related to requirements of state awards*
2 *or apportionments, including, but not necessarily limited to,*
3 *conditions of apportionment, before the school district is required*
4 *to repay the apportionment significant audit exception or to pay*
5 *a penalty arising from an audit exception made by the audit.*

6 *(b) To the extent that the school district implements corrections*
7 *to an apportionment significant audit exception or finding during*
8 *the 180-day period specified in subdivision (a), and those*
9 *corrections result in a reduction in the required repayment,*
10 *penalty, or other fiscal impact recommended in or resulting from*
11 *the audit report, then the school district shall only be liable for*
12 *that part of the audit exception or finding remaining after the*
13 *corrections are made.*

14 *(c) No repayment of an apportionment significant audit*
15 *exception or payment of a penalty arising from an audit exception*
16 *made in the audit conducted pursuant to subdivision (d) of Section*
17 *41320.1 for the fiscal year in which the apportionments made*
18 *pursuant to Section 41320 are disbursed shall be made or assessed*
19 *against a school district if those findings are related to a fiscal*
20 *year other than the fiscal year for which the audit is conducted or*
21 *the fiscal year prior to the fiscal year for which the audit is*
22 *conducted.*

23 *(d) For the purposes of the deadlines specified in Section 41344*
24 *or 41344.1, the date on which a local educational agency receives*
25 *a final audit report shall be deemed to be 180 days following the*
26 *date upon which the school district receives the final report of the*
27 *audit conducted pursuant to subdivision (d) of Section 41320.1*
28 *for the fiscal year in which the apportionments made pursuant to*
29 *Section 41320 are disbursed.*